EMPLOYEE PERFORMANCE AND UTILIZATION

Gainsharing Travel Savings Program

APPROVAL/TRANSMITTAL

This directive establishes an Office of Inspector General (OIG) Gainsharing Program. This directive has been revised to provide guidance on the annual limit on TDY savings awards (see paragraph B) and to provide guidance on documentation required with submissions. Effective January 1, 2002, the annual limit on TDY savings awards is $5,000. This supersedes IG-3400, dated June 6, 2001. Remove and destroy previous issuances.

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JOYCE N. FLEISCHMAN
Acting Inspector General

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A. BACKGROUND. The Government Employees Incentive Awards Act, 5 U.S.C., paragraph 4501-4507, authorizes an agency to pay a cash award for "efficiency" or "economy." Effective January 1, 2000, OIG established a 6-month pilot OIG Gainsharing Travel Savings Program (Gainsharing Program) under this authority. The program has proven highly successful in both reducing OIG's travel costs and rewarding employees for their costs savings initiative in this area. Therefore, the OIG Gainsharing Program is established as a continuing program for OIG employees. All TDY travel with lodging expenses, foreign and domestic, as well as airfare expenses, will be eligible under this program. Also, all transfers of official duty station that involve use of the Government relocation services contractor for selling the employee's residence are eligible under this program. This includes when an employee sells his or her residence even before the relocation services contract has accepted the residence in its program. Employee participation in this program is optional.

The cumulative savings under the Gainsharing Program to OIG for an employee, must be at least $200 before the employee is eligible to receive an award. The amount of the savings award for each employee for TDY travel will be 50 percent of the savings on lodging expenses and/or the contract carrier airfare using frequent flyer benefits. (NOTE: Taxes, i.e., Federal, State, local, FICA, will be withheld from the award.) All TDY travel during the period for which an award is claimed can be included to meet the $200 minimum.

(A)

Under the OIG Gainsharing Program for transfers of official duty stations, if an employee elects to sell his or her residence under the Government relocation services contractor program, the employee will be awarded up to $5,000 of the savings to the agency. To qualify for this savings award, the employee must sell his or her residence based on the amended value sale (see B3) under the relocation services program or before the relocation company has accepted the residence in its program. This amended value sale results in the agency saving a significant amount versus the contractor directly purchasing the residence without having a firm private buyer.

B. PROCEDURES

Employees who participate in the OIG Gainsharing Program can receive cash awards for savings in lodging expenses that are less than the maximum lodging rate costs only--not including tax which is now paid separately according to the Federal Travel Regulations (FTR). Also, cash awards for savings can be received for redemption of frequent flyer benefits, as well as savings achieved during certain real estate transactions when an employee transfers official duty stations. The requirements and procedures for these savings awards are outlined below.

The OIG Gainsharing Program is applicable for all eligible travel on or after January 1, 2000.

Effective January 1, 2002, the annual limit on TDY savings awards is $5,000. To obtain a TDY savings award, the Travel Savings Form (TSF), exhibit A, must be completed and submitted by the employee for all trips which show lodging savings or savings from the redemption of frequent flyer benefits. Each time the employee records a savings, TSF forms must be submitted to the traveler's approving official with the appropriate travel voucher. After review of the voucher and TSF, the employee and the traveler's approving official will initial each trip and sign each TSF that will be submitted as supporting documentation for the savings award. Once the TSF form has been approved by the supervisor, only the TSF form--not copies of the actual vouchers--needs to be submitted with the Gainsharing Savings award form. See exhibit B for instructions for completion of the TSF. This can be reproduced locally. A sample of a completed TSF is also shown in exhibit A(3) and A(4).

To claim a savings award for relocation residence sales, the employee must complete and submit to the appropriate supervisor the applicable portion of the TSF, exhibit A, and attach a copy of the relocation services' accepted offer or invoice which

(B)

shows the actual sales price of the residence and percentage of costs paid to the relocation company by OIG. Startup implementation of the program would include savings for any relocation home sale (date of settlement) that actually occurred after January 1, 2000, even though the move authorization (AD-202R) was approved prior to that date. However, the award for relocation savings will not be issued to the employee until one of the two scheduled times during the fiscal year when all other travel savings awards are presented.

Employees can apply for a gainshare savings award as soon as they meet the minimum eligibility savings requirement of $200. However, all employees eligible for a gainshare savings award must submit their final forms for the award in time for processing by one of the two scheduled semiannual award processing times of June 30 or December 31. Only one AD-287-2 (Recommendation & Approval of Awards) for a gainshare savings award will be processed during each award period per employee. The approving official will complete form AD-287-2 and submit it with the original copy of the supporting TSFs to:

Director
Resources Management Division
USDA/OIG/PD&RM
1400 Independence Avenue SW., STOP 2307
Washington, D.C. 20250-2307

(NOTE: Copies of actual travel vouchers should NOT be submitted with the TSF.)

TDY savings that do not accumulate to the $200 minimum for one 6-month period may be carried over and included in the following period. No savings may be claimed that occurred more than 2 years prior to the date of the submitted claim. If an employee leaves the agency within the 6-month period of participation in the program, no award would be paid to the then former employee.

1. Lodging Savings

a. Employees who incur lodging expenses at a daily rate which is less than the maximum lodging rate for the TDY locality under the lodging plus method are eligible for an award of 50 percent of the savings under this portion of the OIG program.

b. Awards will not be made to individual employees on travel where lodging was prepaid or prearranged and lower hotel rates were the result of contractual or agency-identified or -negotiated arrangements with the hotel. However, any savings resulting from shared accommodations under such an arrangement do qualify for the travel savings award.

c. When a room is shared while on official travel, there will be a lodging savings. The employees should arrange to be billed separately. If this is not possible, a daily rate must be determined for each employee. Divide the total lodging costs by the number of employees and the number of nights to arrive at a daily rate for each employee.

d. Employees who stay with someone while on official travel and avoid lodging expenses will receive credit for one-half of the maximum lodging rate for the TDY locality toward the travel savings cash award.

e. The amount of the lodging savings must be reduced by the cost of excess transportation expenses incurred while staying at lodging more distant from the TDY site.

f. Under the "GSA Value Lodging Program," the General Services Administration (GSA) has entered into agreements with hotels in major cities. Lodging savings at hotels in that program cannot be counted as savings for the travel savings award. Lodging facilities under the GSA program can be found on the Internet at www.gsa.gov/regions/r9/travel/balv.htm.

g. All employees are encouraged to obtain and use the tax exemption certificates for hotel taxes, where allowable. Although not part of the allowable savings in the Gainsharing Program calculations, this will decrease costs to OIG, allowing funds to be used for other agency needs. Appropriate tax exemption certificates may be obtained through the Internet under "Travel Management" at http://www.policyworks.gov/.

h. All employees must stay at a hotel which meets the requirements of the Hotel and Motel Fire Safety Act of 1990. Hotels in compliance with the Act can be found on the Internet at http://www.usfa.fema.gov/hotel/.

(B1)

i. Lodging costs incurred on personal time, such as annual leave (i.e. personal expenses), during official travel will not be counted as lodging savings under this program.

2. Redemption of Frequent Flyer Benefits Savings:

a. Employees who obtain a free or reduced-price coach fare ticket with frequent flyer benefits earned on official Government travel or personal travel are eligible for the travel savings award.

b. Savings will be measured against the contract rate in effect at the time of the flight.

c. If there is no contract rate, the lowest available nonrestricted coach fare will be used as the basis for measurement of the savings.

3. Transfer of Official Duty Station Savings

a. The FTRs entitle all employees relocating for official business to use the Government relocation services program for the sale of their residences. If an employee chooses to sell his or her residence under this program, the Government contract requires the employee to competitively market his or her residence with a commercial real estate company in addition to using the relocation services contractor.

If the employee receives a bona fide purchase offer through the commercial real estate company, the relocation services contractor must match that offer. Under the relocation services program, this matching offer is known as an "amended value" offer and the resulting sale is significantly less expensive to the agency.

OIG would then pay the relocation services contractor a greatly reduced percentage rate of the sales price versus a much higher percentage of the sales price if the relocation services contractor purchases the residence directly. (Since the residence already has a purchase offer, the relocation services contractor would not have to go through the costly effort to resell the residence.) This means the employee should aggressively seek to ensure he or she is able to obtain a private buyer through his or her commercial real estate company before accepting the offer from the relocation company in order to qualify for the OIG gainsharing savings award.

For example, with Cendant Mobility (the contractor currently used by OIG), the current cost of an amended value sale to the agency for a $100,000 employee residence would be 13.25 percent or $13,250. This would compare to a rate of 21.9 percent or $21,900 if the relocation services contractor purchased the residence directly without having the actual purchase offer through the commercial real estate company. The amended value sale in this example would save OIG $8,650 ($21,900 - $13,250). Thus, under the OIG Gainsharing Program for official duty station relocations, the employee would receive a savings award of $4,325 - 50 percent of the savings. If the sales price is higher, the savings to the agency would be greater and could qualify the employee for the maximum award of up to $5,000.

b. Participation in the relocation portion of the OIG Gainsharing Program is optional and separate from the TDY portion of the program. This means that an employee who is participating in the TDY portion of the program does not have to participate in the relocation portion should he or she be authorized an official transfer of duty station. This portion of the program will be offered to the employee as part of the process of authorizing the relocation.

c. The portion of the relocation questionnaire that relates to the optional use of a relocation service will be revised to include the stipulation that the sale of the residence through an amended value sale could result in a savings award to the employee under the OIG Gainsharing Program.

Also, attached for your information are numerous questions and answers we received when a draft of the proposed Gainsharing Program was circulated for review and comments (exhibit C). These may be useful in providing you specifics on how the program will operate within the agency.

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INSTRUCTIONS FOR COMPLETING GAINSHARING TRAVEL SAVINGS FORM

Up to three trips may be recorded on each Gainsharing Travel Savings Form (TSF). Initial for each trip where lodging savings or redemption of frequent flyer benefits are realized, and submit it with the appropriate voucher to the approving official. The employee and the approving official will sign and date each form that is completed, and, when a minimum of $200 in savings has been documented, form AD-287-2 may be prepared and sent to the appropriate official for approval. Copies of travel vouchers need not be resubmitted.

A sample, completed TSF is included (see exhibit A). Explanations for each line on the sample follow.

- Enter your name and social security number at the top of each form.

- Enter the authorization number for each trip reported on the form.

- Enter the official duty station and the temporary duty location for each trip.

- Enter the day of the week and date for each night of lodging a savings was realized.

Line 1: Enter the maximum lodging rate for the TDY locality for each night's lodging. In the first example, $84 was recorded for Sunday for the first trip.

Line 2: Enter the actual lodging cost for each night's lodging. The cost for the first night in the example is $64.50. On the second trip in the example, the employee avoided lodging costs by staying with a friend or relative.

Line 3: Enter any excessive transportation costs incurred when the lodging is more distant from the TDY site. A determination must be made by the approving official whether any transportation expenses incurred were excessive. In the example, $6 was determined to be excessive for each day and was deducted from the savings.

Line 4: To arrive at the net lodging savings for OIG, deduct the actual lodging expenses and any excessive transportation expenses from the maximum lodging rate for each night.

Line 5: If frequent flyer benefits are redeemed, enter the cost of the contract carrier or lowest coach class available for the airline cost.

Line 6: Enter the frequent flyer benefits redeemed. In the first example, the traveler received a free ticket. In the second example, the traveler received a half-price ticket.

Line 7: Enter the total trip savings for OIG.

Line 8: Enter the total lodging savings for each trip.

Line 9: Enter the dollar amount of frequent flyer benefits saved.

Line 10: Add Lines 8 and 9 together for a total savings cost to OIG.

Line 11: Multiply the total entered on Line 10 by 50 percent. This is the amount that will count toward the minimum cumulative employee award amount of $100 (total minimum OIG savings of $200).

Transfer of Official Duty Station

Line 1: Enter the agreed upon contract price for the home.

Line2: Enter the authorized percentage rate the agency is contracted to pay the relocation services contractor for the sale of the home. This information is found on line 25 of the AD-202. Multiply that percentage rate times the contract price of the home and enter that amount.

Line 3: Enter the percentage rate the relocation services contractor charged the agency for the amended value sale of the home. This information is found on the invoice.

Line 4: Subtract line 3 from line 2 for the total savings to OIG.

Line 5: Subtract line 5 from line 4 for the amount to be awarded to the employee, not to exceed $5,000.

OFFICE OF INSPECTOR GENERAL
GAINSHARING TRAVEL PROGRAM

Questions and Answers on Program Operations

LODGING SAVINGS:

1. Will the program have any effect on economy return calculations? Specifically, will participating employees still be allowed to use the maximum lodging rates in their economy return calculations?

> **Response: The program should have no effect on the economy return calculations--there are no current plans to change the formula for these returns or to no longer allow employees to use the maximum lodging rates in the calculations.**

2. Since we now separate taxes from the lodging amounts, will the savings on lodging include applicable savings on taxes? We need clarification on this area since such taxes may be as high as 20 percent of total lodging costs.

> **Response: Since taxes are now separate from lodging amounts, taxes will not be included in the calculations. Under the new per diem rules, taxes are no longer included in lodging per diem but claimed separately if paid. So, they would not be part of the maximum lodging per diem rate under the program.**

3. Savings result from the use of tax exemption forms which we currently use. Proposed guidance permits travelers to share in these savings. Will applicable tax exemption forms be used whether or not there is a Gainsharing Program? It would seem to follow, therefore, that savings would not be shared on the use of such forms. Instead, they should be used whenever applicable.

> **Response: Under the FTRs, employees should be using tax exempt certificates where appropriate under current travel. Under the new FTRs, taxes are no longer considered part of lodging per diem. Thus, they are NOT part of the savings that can be included by employees in accumulating savings under this program.**

4. Are lodging savings applicable when OIG has selected the lodging for a group of people and the rate is less than the maximum, but it is not the result of a contractual arrangement, for example, when auditors and investigators stay at the same hotel so they can meet at the end of each day?

> **Response: Where the agency has selected lodging and is limiting reimbursement to the rates of that preselected lodging facility (even though an employee may not stay at that particular selected lodging facility), savings can only be calculated from the preselected lodging figure, not the maximum (if the preselected cost is less).**

5. Some hotel clubs offer free nights when a guest stays for a specified number of nights. How will these free nights be handled?

> **Response: If an employee uses a free night's lodging for official travel, it should be handled similar to frequent flyer benefits which provide free or reduced fares--i.e., it could be used in calculating the savings.**

6. Lodging savings are based on anything less than maximum rate for TDY location. What if all lodging in town is less than maximum? Does the traveler still get the savings?

> **Response: Yes, the program allows the traveler to use the maximum rate (similar to the calculations in the agency's weekend return policies). Barring agency prearranged lodging, the program still allows the maximum under this scenario.**

7. If employees share lodging, can they incur the cost of a larger room which would exceed the standard lodging rate but would cost less than two separate rooms at the standard per diem rate?

> **Response: Yes, the employees could stay in a larger room. However, savings calculations for purposes of the Gainsharing Program would be based on the standard single room costs for each traveler.**

8. When an employee incurs zero lodging costs by staying with someone while in travel status, must they include any excess expenses incurred, including but not limited to excess transportation costs, when determining the amount of cost savings incurred?

Response: The third "bullet" under item #1 indicates that savings must be reduced by such excess transportation expenses. That language also covers any other travel cost to obtain zero lodging with family/friends.

9. If an employee whose TDY is "in the city" elects to travel to the suburbs to obtain free lodging, will the employee claim the M&IE rate for the TDS location or the suburban location?

Response: Under the current travel regulations, the employee claims per diem and lodging for the official TDY business site. So, in the example cited, the M&IE would be for the location of the TDY.

10. Will excessive miles to get less expensive lodging be treated as official miles and the time spent driving those miles be official time? Will employees performing such travel be covered for on-the-job injury and for liability?

Response: Normally, the employee would be covered for on-the-job injury since the employee would still be in a travel status on his or her way to lodging. With respect to personal liability, whether or not an employee is subject to personal liability in such situations depends on a number of factors, including whether the employee is acting within the scope of employment. The latter requires a case-by-case determination that varies depending on the specific facts at issue and the State in which the incident occurs.

**For cost reimbursement purposes, the traveler would be limited for excess miles to the cost to commute to/from nearby less expensive lodging to the costs not to exceed the savings from occupying reasonable available lodging near the TDY location. Also, the program clearly indicates and the full intent is that excessive travel costs to zero or reduced lodging in order to obtain savings
would have to be deducted from the savings. When public transportation is involved (taxis, subways, etc.), employees will have those actual costs. For GOV usage which the agency provides, GOV FTR mileage rates should be used to calculate excess travel mileage costs to any zero or reduced lodging for more than 8 miles from the TDY site.**

11. Suppose a traveler is on TDY to a major city, but he or she decides to stay at a location 50 miles out of town because he or she has interviews at that location. Does he or she qualify at the major city per diem rate or the standard ($50) rate? If he or she has no interviews in that area, do they have to reduce their savings award based on mileage because technically they may have arranged interviews in that area in the evenings to justify the higher award?

> **Response: The savings amount is calculated against the maximum lodging rate. Per diem is based on where the employee's official business will occur. In the example cited, the traveler's per diem should be calculated against the rate where he or she was conducting the interviews since that is where the official business was being conducted at that time**.

12. Will calculations under this program (miles to get to less costly lodging, etc.) affect return calculations? (Presumably not, as return calculations are now based on maximum lodging cost for the area.)

> **Response: The return calculations would not be affected because employees are allowed to use the maximum lodging per diem in those calculations**.

FREQUENT FLYER BENEFITS:

13. Will the accrual of frequent flyer miles be monitored? What happens to unused miles when an employee leaves OIG?

> **Response: Since the Gainsharing Program is voluntary, there are no plans at this point to monitor personal frequent flyer benefit miles. If an employee mixes personal and official miles, current Comptroller General and GSA rulings state that the miles belong to the Government. If the employee transfers to another Federal agency, he or she can take the miles with them. However, if the employee leaves the Government, the mileage benefits belong to the Government.**

14. Are there any restrictions on using personal frequent flyer miles to purchase an official ticket, thereby saving Government money?

> **Response: No.**

15. Is OIG going to award employees who are willing to use free tickets (which they obtained by volunteering to give up their seats on overbooked flights) for official business? Also, will OIG allow employees who know weeks in advance that they will be traveling to book reservations based on cheaper rates for 14- or 21-day advance purchases (which, in some instances, are cheaper than the Government rate) to qualify for the savings award?

Response: The Gainsharing Program, as currently implemented, only allows savings obtained using frequent flyer benefits. Thus, straight ticket purchases--including these free tickets obtained from voluntarily giving up the traveler's seat--are not part of the program at this time.

RELOCATION SERVICES:

16. When an employee goes on a house-hunting trip, will related cost savings from such trips be counted in the "Relocation" category or in the "Lodging/Frequent Flyer" category?

Response: These would be in the TDY "Lodging/Frequent Flyer" category.

17. Concerning relocation, why not offer the same incentive to save in Temporary Quarters as in TDY, i.e., staying at reduced-cost establishments or with family/friends at no cost?

Response: Temporary quarters are not included in the program at this time because they are covered under separate reimbursement rules, such as for the first 30 days, etc., and the agency would have to create another form or way to track the temporary quarters savings versus TDY savings. Also, OIG is not aware of any other agency including temporary quarters in its Gainsharing Program.

GENERAL QUESTIONS/COMMENTS:

18. Will participation in the program be voluntary?

Response: Yes, participation is voluntary (see last sentence in first paragraph on page 1 under "BACKGROUND").

19. The minimum eligibility savings requirement is $200, which must be submitted by June 30 or December 31, with only one form processed each period. Presumably, savings towards an award during one period can be used in the subsequent period if the traveler does not meet the threshold during the first period. Is this correct? Also, can savings in both categories be added together to reach the $200?

Response: Yes, the intent of the program is to allow savings to accumulate until the traveler qualifies for the award without limiting him or her to a specific 6-month timeframe.

Yes, savings in both categories can be added together (TDY and relocation) to qualify for an award. (This might be beneficial to employees who only travel on TDY a limited amount but ended up relocating.)

20. The background section of the proposed memorandum states, "only the first 30 days of extended TDY * * * can be counted as eligible for savings under this program." Which 30 days is this? The first 4 consecutive weeks of travel? The first 30 days at a particular site? The first 30 days of an assignment?

Response: This is the first 30 days of <u>continuous</u> TDY travel. It should affect very few of our travelers since most of our travel is for less than a 30-day continuous period.

21. Will OIG consider including other forms of travel savings, such as when employees use POVs rather than rental cars or when an employee reduces costs by staying in a location adjacent to the TDY location which has lower per diem rates?

Response: Other possible options were considered--and still may be included in the program later--but for this initial implementation, the agency has decided to establish only a limited program to see how it would work and determine the pros and cons of the program.

22. Is there a maximum period over which savings can be accrued before they "expire?"

Response: Yes, over a period of not to exceed 2 years. Since the payments under the Gainsharing Program must be paid as an award, they are paid from

current year funds--no matter when the savings occurred. Therefore, OIG prefers to make award payments as close as possible to the actual savings time period.

23. With the award processing times being June 30 and December 31, would OIG have a problem with appropriation laws which require costs to be claimed during the year they are incurred? The December 31 processing date would include only 3 months within the then current fiscal year.

Response: See comments above. Since the payments are under the awards program, the award is charged to the fiscal year when the award is approved (even though the savings may have actually been made in a prior fiscal year).

24. Since the Government Employees Incentive Awards Act has been around for some time and OIG has had the authority to enact this program for the same length of time, is OIG's program retroactive in order to benefit those who have made concerted efforts to save money for the agency through efforts to cut costs in both TDY and relocation travel?

Response: No, the effective date for the program has been established to cover all travel beginning on or after January 1, 2000, that meets the criteria for savings under the program.

No prior travel savings will be "grandfathered" into the program.

25. Could the Gainsharing Program be done some way other than under the awards program?

Response: No. The awards program--at least at this time--is the only authority which the agency has to reward employees for these types of savings.